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SUBJECT: MAJOR SAUDI OFFSHORE MANIFA FIELD COMPLETION DELAYED TWO  
YEARS TO 2013; WASSIT GAS DEVELOPMENT PROGRAM CONTINUES

REF: RIYADH 958

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SUMMARY

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**¶11. (U)** Citing weak global demand, Saudi Aramco pushed back the tentative completion date of the last giant Saudi oilfield in its expansion plans by at least two years. Meanwhile, Saudi Arabia is expected to announce its final plans to build the Kingdom's largest gas plant ever whose purpose is to supply domestic utilities and some industries. Saudi Aramco is pursuing practical carbon management by launching a pilot Carbon Capture and Sequestration (CCS) project expected to come on line in 2013, and is also looking into using CO<sub>2</sub> for enhanced oil recovery. End Summary.

Manifa Completion Delayed Two Years

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**¶12. (U)** Saudi Aramco pushed back the tentative completion date of the last giant Saudi oilfield in its expansion plans by at least two years. The Manifa Arabian heavy crude program is an offshore oil production development. Widely considered to be the largest single offshore crude oil project in Saudi Aramco's history, Manifa will comprise 27 man-made islands connected by 41 km of causeway. Previously due to come online by 2011, the 900,000 barrels per day Manifa project is now expected to come online in 2013 (to include 90,000 million cubic feet/day of associated gas and 65,000 bpd of condensate). Saudi Aramco has previously noted that Manifa is intended to compensate for declining output in other fields and not as a means to boost capacity. Press reports quote Aramco CEO Khalid al-Falih as saying that Manifa will begin production in 2013 and will be completed, at full output, in 2015.

**¶13. (U)** The price tag for Manifa has increased significantly from an earlier 2009 estimate totaling \$7 billion. Saudi Aramco places the cost of developing the Manifa heavy crude field at nearly \$16 billion, about the same as before last year's drop in construction costs. Saudi Aramco made the investment decision on Manifa, said Saudi Aramco CEO Khalid Al-Falih, when oil prices were above \$70/bbl and demand prospects were strong.

After prices tumbled to around \$35/bbl, he added in a December 7 speech, "costs did not proportionally decrease, clouding the robustness of the investment." Al-Falih told reporters on December 12 that weak global demand is the reason Aramco delayed the Manifa heavy-oil field development.

**¶14. (U)** Also included in the project is the construction of four on- and offshore pipeline networks, plus a water supply system intended by Aramco to inject around 1.35 million barrels of aquifer water daily into the oil reservoir in order to maintain the required pressure for optimum crude oil production. Much of the heavy crude oil will be shipped to a new refinery due to be built across the Arabian Peninsula in Yanbu, on the Red Sea north of Jeddah (a joint venture of Saudi Aramco and ConocoPhillips). Reuters reports that Aramco and ConocoPhillips have brought forward the deadline to January 26 for bids to build the 400,000 bpd oil refinery that is intended to produce ultra-low sulfur oil for the U.S. market (reftel).

#### WGDP Gas Development Megaproject Continues

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**¶15. (U)** The CEO of Saudi Aramco, Khalid al-Falih, said in November 2009 that Saudi Arabia would soon announce its final plans to build the Kingdom's largest gas plant ever to supply domestic utilities and some industries. However, nearly one month later, Saudi Aramco has provided few additional public details regarding the new Wasit Gas Development Program (WGDP) which is expected to process more than 1.8 billion cubic feet per day (cfd) of gas. SNC-Lavalin, a leading engineering and

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construction group headquartered in Canada, announced in September that it was awarded the front-end engineering and design (FEED) and project services contracts by Saudi Aramco. According to SNC-Lavalin press releases, the WGDP will provide for the production and processing of up to 2.5 billion cfd of gas from Aribiyah and Hasbah offshore non-associated sour gas fields to meet future Saudi demand. The contract is for 5 years and was expected to begin by October 1, 2009.

**¶16. (U)** The WGDP is split into several projects that include building gas processing facilities, two offshore gas platforms, one tie-in platform, as well as subsea power and communication links and pipelines. Supplies from the gas plant will not be used as feedstock for the growing petrochemical sector. Saudi Arabia is short of gas to meet demand for power and desalination plants and industry, as energy consumption has risen considerably in recent years. Some estimates place KSA gas demand growth at 7 percent per annum.

#### Environment: Carbon Capture and Sequestration

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**¶17. (U)** Saudi Aramco is developing a pilot Carbon Capture and Sequestration (CCS) project expected to come on line in 2013, and is also looking into using CO<sub>2</sub> for enhanced oil recovery. Prince Abdulaziz bin Salman told Energy Ministers at an October CCS summit in London that a CO<sub>2</sub> demonstration project is planned for 2013 and is expected to inject 40 million standard cubic feet per day of CO<sub>2</sub> in an area already flooded by water in Ghawar, the world's largest oil field. Efforts in this field

are nascent, but Saudi Aramco's Chief Petroleum Engineer recently stressed the importance of practical carbon management at a presentation to Deputy Secretary of Energy Poneman during his December visit to KSA. Consulate General Dhahran will continue tracking Aramco developments in this field.

CG: JKENNY